

Shenzhen Zhongheng Huafa Co., Ltd.
THE THIRD QUARTERLY REPORT FOR 2018

October 2018

Section I. Important Notes

Board of Directors and the Supervisory Committee of Shenzhen Zhongheng Huafa Co., Ltd. (hereinafter referred to as the Company) and its directors, supervisors and senior executives hereby confirm that there are no any fictitious statements, misleading statements, or important omissions carried in this report, and shall take all responsibilities, individual and/or joint, for the reality, accuracy and completion of the whole contents.

All directors of the Company are attended the Meeting for quarterly report deliberation.

Principal of the Company Li Zhongqiu, Person in Charge of Accounting Works Yang Bin and Person in Charge of Accounting Organ (Accounting Officer) Wu Aijie hereby confirm that the Financial Report of the Third Quarterly Report is authentic, accurate and complete.

Section II Basic information of Company

I. Main accounting data and index

Whether it has retroactive adjustment or re-statement on previous accounting data or not

Yes No

	Current period-end	Period-end of last year	Increase/decrease	
Total assets (RMB)	610,025,600.37	629,762,731.38	-3.13%	
Net assets attributable to shareholders of listed company (RMB)	321,170,473.10	320,672,978.02	0.16%	
	Current period	Increase/decrease in comparison with same period of last year	Year-begin to end of the Period	Increase/decrease in comparison with year-begin to Period-end of last year
Operating revenue (RMB)	148,975,383.05	-36.03%	489,960,226.29	-27.13%
Net profit attributable to shareholders of the listed company (RMB)	-2,500,879.50	-39.09%	497,495.08	42.80%
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses (RMB)	-3,406,233.82	-0.89%	-1,352,766.80	-28.76%
Net cash flow arising from operating activities (RMB)	--	--	-54,036,421.68	-240.71%
Basic earnings per share (RMB/Share)	-0.0088	37.50%	0.0018	50.00%
Diluted earnings per share (RMB/Share)	-0.0088	37.50%	0.0018	50.00%
Weighted average ROE	-0.78%	-0.22%	0.16%	0.05%

Items and amount of extraordinary profit (gains)/losses

Applicable Not applicable

In RMB

Item	Amount from year-begin to end of the Period	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	-151,337.27	

Governmental subsidy reckoned into current gains/losses (not including the subsidy enjoyed in quota or ration according to national standards, which are closely relevant to enterprise's business)	1,606,800.00	
Gains and losses from assets under trusted investment or management	293,005.35	
Other non-operating income and expenditure except for the aforementioned items	408,564.72	
Less: impact on income tax	306,770.92	
Total	1,850,261.88	--

Concerning the extraordinary profit (gain)/loss defined by *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss*, and the items defined as recurring profit (gain)/loss according to the lists of extraordinary profit (gain)/loss in *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss*, explain reasons

Applicable Not applicable

In reporting period, the Company has no particular about items defined as recurring profit (gain)/loss according to the lists of extraordinary profit (gain)/loss in *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss*.

II. Statement of the total shareholders and shares-held of top ten shareholders at end of the Period

1. Total number of common shareholders at the end of this report period and top ten common shareholders

In Share

Total common stock shareholders in reporting period-end		26,534	Total preference shareholders with voting rights recovered at end of reporting period (if applicable)	0		
Top ten shareholders						
Shareholders	Nature of shareholder	Proportion of shares held	Amount of shares held	Amount of restricted shares held	Number of share pledged/frozen	
					State of share	Amount
Wuhan Zhongheng New Science & Technology Industrial Group Co., Ltd.	Domestic non-state-owned legal person	41.14%	116,489,894	0	Pledged	116,100,000
					Frozen	116,489,894
SEG (HONG KONG) CO.,	Overseas legal person	5.85%	16,569,560	0	Pledged	0
					Frozen	0

LTD.						
GOOD HOPE CORNER INVESTMENTS LTD	Overseas legal person	4.49%	12,700,000	0	Pledged	0
					Frozen	0
Changjiang Securities Brokerage (Hongkong) Co., Ltd.	Overseas legal person	1.89%	5,355,249	0	Pledged	0
					Frozen	0
Guoyuan Securities Brokerage (Hong Kong) Co., Ltd.	Overseas legal person	1.36%	3,845,117	0	Pledged	0
					Frozen	0
Li Senzhuang	Domestic nature person	0.37%	1,046,360	0	Pledged	0
					Frozen	0
LI SHERYN ZHAN MING	Overseas nature person	0.36%	1,015,600	0	Pledged	0
					Frozen	0
Han Yaming	Domestic nature person	0.31%	864,200	0	Pledged	0
					Frozen	0
BINGHUA LIU	Overseas nature person	0.30%	840,313	0	Pledged	0
					Frozen	0
Wu Jingmin	Domestic nature person	0.28%	788,152	0	Pledged	0
					Frozen	0
Particular about top ten shareholders with un-restrict shares held						
Shareholders	Amount of un-restrict shares held	Type of shares				
		Type	Amount			
Wuhan Zhongheng New Science & Technology Industrial Group Co., Ltd.	116,489,894	RMB ordinary shares	116,489,894			
SEG (HONG KONG) CO., LTD.	16,569,560	Domestically listed foreign shares	16,569,560			
GOOD HOPE CORNER INVESTMENTS LTD	12,700,000	Domestically listed foreign shares	12,700,000			
Changjiang Securities Brokerage (Hongkong) Co., Ltd.	5,355,249	Domestically listed foreign	5,355,249			

		shares	
Guoyuan Securities Brokerage (Hong Kong) Co., Ltd.	3,845,117	Domestically listed foreign shares	3,845,117
Li Senzhuang	1,046,360	Domestically listed foreign shares	1,046,360
LI SHERYN ZHAN MING	1,015,600	Domestically listed foreign shares	1,015,600
Han Yaming	864,200	Domestically listed foreign shares	864,200
BINGHUA LIU	840,313	Domestically listed foreign shares	840,313
Wu Jingmin	788,152	RMB ordinary shares	788,152
Explanation on associated relationship among the top ten shareholders or consistent action	Among the shareholders, Wuhan Zhongheng Group neither bears associated relationship with other shareholders, nor belongs to the consistent actor that are prescribed in Measures for the Administration of Disclosure of Shareholder Equity Changes of Listed Companies. The Company neither knew whether there exists associated relationship among the other tradable shareholders, nor they belong to consistent actors that are prescribed in Measures for the Administration of Disclosure of Shareholder Equity Changes of Listed Companies.		
Explanation on shareholders involving margin business about top ten common shareholders (if applicable)	N/A		

Whether top ten common shareholders or top ten common shareholders with un-restrict shares held have a buy-back agreement dealing in reporting period

Yes No

Top ten common shareholders or top ten common shareholders with un-restrict shares not held have a buy-back agreement dealing in reporting period

2. Total of shareholders with preferred stock held and the top ten shareholdings

Applicable Not applicable

Section III. Important events

I. Particular about major changes from items of main accounting statements and financial indexes as well as reasons

√ Applicable □ Not applicable

Item	2018-9-30	2018-1-1	Y-o-y changes	Reasons
Monetary Fund	12,003,876.54	68,812,495.97	-82.56%	Sales declined, and the returned money decreased
Advance payment	49,172,569.56	943,328.01	5112.67%	Account repaid for materials in the period
Construction in process	5,888,698.84	654,356.00	799.92%	Workshop construction increased in the period
Item	Jan. to Sept. 2018	Jan. to Sept. 2017	Y-o-y changes	Reasons
Financial expenses	5,216,790.23	9,191,587.68	-43.24%	Exchange gain increased in the period
Assets impairment loss	5,941.50	-93,425.39	106.36%	Bad debt of last period switch back
Investment income	293,005.35	-		Income from bank financing
Assets disposal income	-151,337.27	-31,321.94	-383.17%	Aged production equipment replaced
Non operating income	1,413,171.48	3,052,612.99	-53.71%	At same period last year, 1.38 million yuan accrual liability reverse from Shaanxi Linghua
Non operating expenses	182,806.76	24,775.13	637.86%	Fine for tax overdue
Income tax expense	490,059.24	1,135,130.69	-56.83%	The tax rate for high-tech enterprise declined
Item	Jan. to Sept. 2018	Jan. to Sept. 2017	Y-o-y changes	Reasons
Cash received from returns of investments	119,000,000.00	-		Financial products redemption
Cash received from recovering investment	293,005.35	-		Income from financial products
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	967,002.00	75,901.58	1174.02%	Aged production equipment replaced
Cash paid for purchasing fixed, intangible and other long-term assets	10,633,271.22	5,334,290.23	99.34%	Investment for new workshop, and purchased production equipment
Cash paid for investment	119,000,000.00	-		Purchased financial products
Cash received from loans	319,218,464.59	236,663,522.53	34.88%	Short-term loans increased in the period
Cash paid for debt	315,712,397.89	237,673,502.22	32.83%	Payment of short-term loans in the period

payment				
Impact on cash or cash equivalent from change of foreign exchange	-117,560.33	-858,969.48	86.31%	Impact by foreign exchange fluctuation in the period

II. Progress of significant events, their influences, and analysis and explanation of their solutions

√Applicable □Not applicable

(I) The Company signed Asset Exchange Contract with Wuhan Zhongheng Group on 29 April 2009 (details were referred to in the announcement dated 30 April 2009), and pursuant to the contract, since part of the assets of the Company (namely two parcel of industrial lands located at Huafa road, Gongming town, Guangming new district, Shenzhen (the property certificate No. were SFDZ No.7226760 and SFDZ No.7226763, No. of parcels were A627-005 and A627-007, and the aggregate area was 48,200 sq.m) were the lands listed in the first batch of plan for 2010 Shenzhen urbanization unit planning preparation plan. For promotion of such urbanization project and joint cooperation, the Company has not completed the transfer procedures in respect of the aforesaid land.

The Company convoked the first extraordinary meeting of the Board in 2015 on February 16, 2015 and the first extraordinary general meeting of the Board in 2015 on March 4, 2015, which considered and approved the “Motion on promoting and implementing the urban renewal project for the renewal units of Huafa area at Gongming street, Guangming new district, Shenzhen”, specified that the Company and Wuhan Zhongheng Group shall obtain the corresponding compensatory consideration for removal from the respectively owned project plots and the respectively contributed and constructed above-ground buildings before the land development, it is estimated that the compensatory consideration obtained by the Company accounts for 50.5% of the total consideration and Wuhan Zhongheng Group accounts for 49.5% by calculation.

The sixth extraordinary meeting of the board of directors in 2015 and the third extraordinary general meeting held on September 11, 2015 have considered and adopted the “Proposal on the project promotion and implementation of urban renewal and the progress of related transactions of ‘the updated units at Huafa Area, Gong Ming Street, Guangming New District, Shenzhen’”, the company has signed the “Agreement on the cooperation of urban renewal project of the updated units at Huafa Area, Gong Ming Street, Guangming New District, Shenzhen”, “Contract for the cooperative venture of reconstruction project for Huafa Industrial Park, Gong Ming Street, Guangming New District” and “Agreement on housing acquisition and removal compensation and resettlement” with Wuhan Zhongheng New Technology Industry Group Co., Ltd. (hereinafter referred to as “Wuhan Zhongheng Group”), Shenzhen Vanke Real Estate Co., Ltd. (hereinafter referred to as “Shenzhen Vanke”), and Shenzhen Vanke Guangming Real Estate Development Co., Ltd. (hereinafter referred to as “Vanke Guangming”).

On 12 September 2016, the Company received a “Notice of Arbitration No.: SHEN DP20160334” from SCIA, Shenzhen Vanke applied for arbitration in respect of “Agreement on the cooperation of urban renewal project of the updated units at Huafa Area, Gong Ming Street, Guangming New District, Shenzhen” against the Company and Wuhan Zhongheng Group. The arbitral court holds hearings on 12 November 2016 and 13 May 2017. Shenzhen International Court of Arbitration (South China International Economic and Trade Arbitration Commission) has made a rule in August 2017, and the Company application for withdrawal to Shenzhen Intermediate People’s Court in February 2018, the Court made a judgment on 16 August 2018 for dismissed the Company’s claim. And on 29 August 2018, the Court accepted the application for enforcement of Shenzhen Vanke, recently, the controlling shareholder is actively communicate with relevant parties for solutions. Progress of the case found more in the Notices released on Juchao website (www.cninfo.com.cn) dated 14 Sept. 2016, 1 Nov. 2016, 16 Nov. 2016, on 18 Feb. 2017, 24 March 2017, 25 April 2017, 1 July 2017, 18 August 2017, 9 Feb. 2018, 25 Aug. 2018 and on 7 Sept. 2108 respectively.

(II) On 31 December 2015, the 88,750,047 shares held by Wuhan Zhongheng Group, are pledge to China Merchants Securities Assets Co., Ltd. with due date of 31 December 2016. Wuhan Zhongheng Group deferred the repurchase business day to 31 December 2017. And on 1 Feb. 2016, Wuhan Zhongheng Group pledge the 27,349,953 shares held to China Merchants Securities Assets Co., Ltd. with due date of 31 December 2016. And also deferring the repurchase business, deadline for pledge on 31 December 2017. The day for repurchase transaction is postponed until the date when lifting the pledge actually. Ended as the reporting period, the pledge has not yet been lifted and we has inquiry on controlling shareholders and issued the *Suggestive Announcement on Share Pledge of Controlling Shareholders*. Found more in notice released on Juchao website (www.cninfo.com.cn) dated 2 Feb. 2018.

(III) Our controlling shareholder Wuhan Zhongheng Group holds 116,489,894 shares of the Company, accounting for 41.14% of total share capital, and the above shares were judicially sealed on 27 September 2016 for creditor's application for property preservation. Assets frozen from 27 September 2016 to 13 September 2021. Details are set out in the announcement published at Juchao information website (www.cninfo.com.cn) on 27 October 2016.

(IV) On March 21, 2014, Huafa Property and Shenzhen Jifang Investment Co., Ltd. (hereinafter referred to as "Jifang Investment") signed the "Shenzhen Housing Leasing Contract" and the "Supplemental Agreement on Leasing Contract", which were canceled on February 5, 2016. As Jifang Investment occupied the site, and defaulted rent, management fee and water and electricity bills in the long term, in order to safeguard the legitimate rights and interests, Huafa Property submitted a request for arbitration to Shenzhen Arbitration Commission on March 8, 2016, and received the (2016) SZCZ No. 346 ruling paper from Shenzhen Arbitration Commission in November 2016 which ruled Huafa Property won the lawsuit. See details on the notice published at www.cninfo.com.cn by the Company on November 8, 2016. The sites taken by Jifang have been collected in May 2018.

(V) Increasing Commitment from Majority Shareholders

On 20 Nov. 2017 and 28 Nov. respectively, controlling shareholder made a commitment of share increasing as holding more 2.83 million B-stock and no more than 2.8 million A-stock of the Company. The commitment term is six month, latter, the controlling shareholder application for extension for another six months to fulfill the commitments. The commitment still in terms ended as the reporting period without fulfill.

(VI) Director and deputy Chairman Mr. Zhang Guangliu resigned as director, deputy chairman and member of the committee of the Board for work transfer. After nominated by second largest shareholder SEG (HONG KONG) CO., LTD., Mr. Gao Jianbo was elected as the director of 9th BOD, office term same as this BOD.

Overview	Date for disclosure	Information index for temporary report disclosure
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III. Commitments that the company, shareholders, actual controller, offeror, directors, supervisors, senior management or other related parties have fulfilled during the reporting period and have not yet fulfilled by the end of reporting period

Applicable Not applicable

There are no commitments that the company, shareholders, actual controller, offeror, directors, supervisors, senior management or other related parties have fulfilled during the reporting period and have not yet fulfilled by the end of reporting period.

IV. Estimation of operation performance for year of 2018

Estimation on accumulative net profit from the beginning of the year to the end of next report period to be loss probably or the warning of its material change compared with the corresponding period of the last year and explanation on reason

Applicable Not applicable

V. Particular about security investment

Applicable Not applicable

The Company had no security investment in Period.

VI. Trust financing

Applicable Not applicable

The Company had no trust financing in Period.

VII. Particulars about derivatives investment

Applicable Not applicable

The Company had no derivatives investment in Period.

VIII. Registration form of receiving research, communication and interview in the report period

Applicable Not applicable

Date	Method	Type of investors	Basic situation index of investigation
2018-07-02	Telephone communication	Individual	N/A

IX. Guarantee outside against the regulation

Applicable Not applicable

The Company has no external security against the rules in the Period.

X. Non-operational fund occupation from controlling shareholders and its related party

Applicable Not applicable

There are no controlling shareholders' and its related party's non-business capital occupying of the listed company.

Section IV. Financial Statement

I. Financial statement

1. Consolidate balance sheet

Prepared by SHENZHEN ZHONGHENG HUAFA CO., LTD

2018-09-30

In RMB

Item	Balance at period-end	Balance at period-begin
Current assets:		
Monetary funds	12,003,876.54	68,812,495.97
Settlement provisions		
Capital lent		
Financial assets measured by fair value and with variation reckoned into current gains/losses		
Derivative financial assets		
Notes receivable and accounts receivable	211,163,762.48	213,574,264.91
Including: Notes receivable	72,688,735.59	64,778,266.65
Accounts receivable	138,475,026.89	148,795,998.26
Accounts paid in advance	49,172,569.56	943,328.01
Insurance receivable		
Reinsurance receivables		
Contract reserve of reinsurance receivable		
Other receivables	3,529,002.00	4,335,729.72
Purchase restituted finance asset		
Inventories	50,306,481.56	60,387,021.65
Assets held for sale		
Non-current asset due within one year		
Other current assets	46,253.01	52,310.51
Total current assets	326,221,945.15	348,105,150.77
Non-current assets:		

Loans and payments on behalf		
Finance asset available for sales		
Held-to-maturity investment		
Long-term account receivable		
Long-term equity investment		
Investment property	51,113,683.58	52,410,958.62
Fixed assets	176,591,396.65	176,477,314.08
Construction in progress	5,888,698.84	654,356.00
Productive biological asset		
Oil and gas asset		
Intangible assets	42,188,596.40	43,307,316.37
Expense on Research and Development		
Goodwill		
Long-term expenses to be apportioned	704,367.47	141,666.55
Deferred income tax asset	7,316,912.28	6,731,168.99
Other non-current asset		1,934,800.00
Total non-current asset	283,803,655.22	281,657,580.61
Total assets	610,025,600.37	629,762,731.38
Current liabilities:		
Short-term loans	173,358,875.00	166,620,264.81
Loan from central bank		
Absorbing deposit and interbank deposit		
Capital borrowed		
Financial liability measured by fair value and with variation reckoned into current gains/losses		
Derivative financial liability		
Notes payable and accounts payable	74,347,459.13	101,815,141.01
Accounts received in advance	267,383.24	278,128.18
Selling financial asset of repurchase		
Commission charge and commission payable		
Wage payable	4,046,925.82	5,083,357.93
Taxes payable	10,792,167.77	15,136,277.68
Other accounts payable	25,977,905.31	20,092,172.75

Reinsurance payables		
Insurance contract reserve		
Security trading of agency		
Security sales of agency		
Liability held for sale		
Non-current liabilities due within 1 year		
Other current liabilities		
Total current liabilities	288,790,716.27	309,025,342.36
Non-current liabilities:		
Long-term loans		
Bonds payable		
Including: preferred stock		
Perpetual capital securities		
Long-term account payable		
Long-term wages payable		
Projected liabilities	64,411.00	64,411.00
Deferred income		
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	64,411.00	64,411.00
Total liabilities	288,855,127.27	309,089,753.36
Owner's equity:		
Share capital	283,161,227.00	283,161,227.00
Other equity instrument		
Including: preferred stock		
Perpetual capital securities		
Capital public reserve	146,587,271.50	146,587,271.50
Less: Inventory shares		
Other comprehensive income		
Reasonable reserve		
Surplus public reserve	77,391,593.25	77,391,593.25
Provision of general risk		
Retained profit	-185,969,618.65	-186,467,113.73

Total owner's equity attributable to parent company	321,170,473.10	320,672,978.02
Minority interests		
Total owner's equity	321,170,473.10	320,672,978.02
Total liabilities and owner's equity	610,025,600.37	629,762,731.38

Legal representative: Li Zhongqiu

Person in charge of accounting works: Yang Bin

Person in charge of accounting institution: Wu Aijie

2. Balance Sheet of Parent Company

In RMB

Item	Balance at period-end	Balance at period-begin
Current assets:		
Monetary funds	5,448,418.01	25,181,764.87
Financial assets measured by fair value and with variation reckoned into current gains/losses		
Derivative financial assets		
Notes receivable and accounts receivable		
Including: Notes receivable		
Accounts receivable		
Account paid in advance	153,050.00	
Other receivables	101,249,172.05	99,922,143.84
Inventories	14,806.50	14,806.50
Assets held for sale		
Non-current assets maturing within one year		
Other current assets		
Total current assets	106,865,446.56	125,118,715.21
Non-current assets:		
Available-for-sale financial assets		
Held-to-maturity investments		
Long-term receivables		
Long-term equity investments	186,608,900.00	186,608,900.00
Investment property	26,676,804.36	27,583,299.22
Fixed assets	96,333,932.87	99,678,839.27

Construction in progress	1,172,756.00	654,356.00
Productive biological assets		
Oil and natural gas assets		
Intangible assets	4,734,891.39	4,843,600.68
Research and development costs		
Goodwill		
Long-term deferred expenses	104,166.52	141,666.55
Deferred income tax assets	8,106,508.57	7,519,546.71
Other non-current assets		
Total non-current assets	323,737,959.71	327,030,208.43
Total assets	430,603,406.27	452,148,923.64
Current liabilities:		
Short-term borrowings	104,000,000.00	120,000,000.00
Financial liability measured by fair value and with variation reckoned into current gains/losses		
Derivative financial liability		
Notes payable and accounts payable	9,740,367.33	10,745,840.16
Accounts received in advance	48,000.96	67,210.00
Wage payable	815,885.20	1,039,196.20
Taxes payable	7,652,654.65	9,305,468.70
Other accounts payable	15,783,051.78	14,339,551.78
Liability held for sale		
Non-current liabilities due within 1 year		
Other current liabilities		
Total current liabilities	138,039,959.92	155,497,266.84
Non-current liabilities:		
Long-term loans		
Bonds payable		
Including: preferred stock		
Perpetual capital securities		
Long-term account payable		
Long-term wages payable		
Projected liabilities	64,411.00	64,411.00

Deferred income		
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	64,411.00	64,411.00
Total liabilities	138,104,370.92	155,561,677.84
Owners' equity:		
Share capita	283,161,227.00	283,161,227.00
Other equity instrument		
Including: preferred stock		
Perpetual capital securities		
Capital public reserve	146,587,271.50	146,587,271.50
Less: Inventory shares		
Other comprehensive income		
Reasonable reserve		
Surplus reserve	77,391,593.25	77,391,593.25
Retained profit	-214,641,056.40	-210,552,845.95
Total owner's equity	292,499,035.35	296,587,245.80
Total liabilities and owner's equity	430,603,406.27	452,148,923.64

3. Consolidated Profit Statement (the period)

In RMB

Item	Current Period	Last Period
I. Total operating income	148,975,383.05	232,880,839.08
Including: Operating income	148,975,383.05	232,880,839.08
Interest income		
Insurance gained		
Commission charge and commission income		
II. Total operating cost	152,547,071.49	236,371,692.83
Including: Operating cost	137,929,089.05	212,098,026.49
Interest expense		
Commission charge and commission expense		
Cash surrender value		

Net amount of expense of compensation		
Net amount of withdrawal of insurance contract reserve		
Bonus expense of guarantee slip		
Reinsurance expense		
Operating tax and extras	874,827.13	1,009,748.31
Sales expenses	3,610,591.52	3,066,524.55
Administration expenses	10,353,738.68	14,587,407.58
R&D expenses		
Financial expenses	-230,279.99	4,276,697.22
Including: Interest expenses	3,060,716.74	3,541,921.60
Interest income	-124,684.95	-794,663.73
Losses of devaluation of asset		
Add: other income	785,000.00	
Investment income (Loss is listed with “-”)	47,326.25	
Including: Investment income on affiliated company and joint venture		
Changing income of fair value(Loss is listed with “-”)		
Exchange income (Loss is listed with “-”)		
Income from assets disposal (Loss is listed with “-”)	-45,557.91	2,000.00
III. Operating profit (Loss is listed with “-”)	-2,784,920.10	-3,488,853.75
Add: Non-operating income	320,268.43	2,126,879.23
Less: Non-operating expense	10,000.00	24,724.25
IV. Total Profit (Loss is listed with “-”)	-2,474,651.67	-1,386,698.77
Less: Income tax expense	26,227.83	411,383.78
V. Net profit (Net loss is listed with “-”)	-2,500,879.50	-1,798,082.55
(i) net profit from continuous operation (Net loss is listed with “-”)	-2,500,879.50	-1,798,082.55
(ii) net profit from discontinued		

operation (Net loss is listed with “-”)		
Net profit attributable to owner’s of parent company	-2,500,879.50	-1,798,082.55
Minority shareholders’ gains and losses		
VI. Net after-tax of other comprehensive income		
Net after-tax of other comprehensive income attributable to owners of parent company		
(I) Other comprehensive income items which will not be reclassified subsequently to profit of loss		
1. Changes as a result of re-measurement of net defined benefit plan liability or asset		
2. Share of the other comprehensive income of the investee accounted for using equity method which will not be reclassified subsequently to profit and loss		
(II) Other comprehensive income items which will be reclassified subsequently to profit or loss		
1. Share of the other comprehensive income of the investee accounted for using equity method which will be reclassified subsequently to profit or loss		
2. Gains or losses arising from changes in fair value of available-for-sale financial assets		
3. Gains or losses arising from reclassification of held-to-maturity investment as available-for-sale financial assets		
4. The effect hedging portion of gains or losses arising from cash flow hedging instruments		

5. Translation differences arising on translation of foreign currency financial statements		
6. Other		
Net after-tax of other comprehensive income attributable to minority shareholders		
VII. Total comprehensive income	-2,500,879.50	-1,798,082.55
Total comprehensive income attributable to owners of parent Company	-2,500,879.50	-1,798,082.55
Total comprehensive income attributable to minority shareholders		
VIII. Earnings per share:		
(i) Basic earnings per share	-0.0088	-0.0064
(ii) Diluted earnings per share	-0.0088	-0.0064

Enterprise combine under the same control in the Period, the combined party realized net profit of 0 Yuan before combination, and realized 0 Yuan at last period for combined party

Legal representative: Li Zhongqiu

Person in charge of accounting works: Yang Bin

Person in charge of accounting institution: Wu Aijie

4. Profit Statement of Parent Company (the period)

In RMB

Item	Current Period	Last Period
I. Operating income	7,401,531.71	9,405,098.50
Less: Operating cost	1,795,342.70	2,147,630.38
Operating tax and extras	267,744.93	706,427.28
Sales expenses		0.00
Administration expenses	5,251,598.46	6,986,976.11
R&D expenses		
Financial expenses	2,318,899.00	-2,384,380.36
Including: Interest expenses	2,302,672.47	-2,377,134.62
Interest income	-2,645.81	-7,365.50
Losses of devaluation of asset		0.00
Add: other income		
Investment income (Loss is		0.00

listed with “-”)		
Including: Investment income on affiliated company and joint venture		
Changing income of fair value(Loss is listed with “-”)		
Income from assets disposal (Loss is listed with “-”)	-26,592.13	
II. Operating profit (Loss is listed with “-”)	-2,258,645.51	1,948,445.09
Add: Non-operating income		1,358,376.15
Less: Non-operating expense		-18,873.12
III. Total Profit (Loss is listed with “-”)	-2,258,645.51	3,325,694.36
Less: Income tax expense	-14,661.37	1,515,349.97
IV. Net profit (Net loss is listed with “-”)	-2,243,984.14	1,810,344.39
(i) net profit from continuous operation (Net loss is listed with “-”)	-2,243,984.14	1,810,344.39
(ii) net profit from discontinued operation (Net loss is listed with “-”)		
V. Net after-tax of other comprehensive income		
(I) Other comprehensive income items which will not be reclassified subsequently to profit of loss		
1. Changes as a result of re-measurement of net defined benefit plan liability or asset		
2. Share of the other comprehensive income of the investee accounted for using equity method which will not be reclassified subsequently to profit and loss		
(II) Other comprehensive income items which will be reclassified subsequently to profit or loss		
1. Share of the other		

comprehensive income of the investee accounted for using equity method which will be reclassified subsequently to profit or loss		
2. Gains or losses arising from changes in fair value of available-for-sale financial assets		
3. Gains or losses arising from reclassification of held-to-maturity investment as available-for-sale financial assets		
4. The effect hedging portion of gains or losses arising from cash flow hedging instruments		
5. Translation differences arising on translation of foreign currency financial statements		
6. Other		
VI. Total comprehensive income	-2,243,984.14	1,810,344.39
VII. Earnings per share:		
(i) Basic earnings per share	-0.0079	0.0064
(ii) Diluted earnings per share	-0.0079	0.0064

5. Consolidated Profit Statement (form the year-begin to the period-end)

In RMB

Item	Current Period	Last Period
I. Total operating income	489,960,226.29	672,360,983.25
Including: Operating income	489,960,226.29	672,360,983.25
Interest income		
Insurance gained		
Commission charge and commission income		
II. Total operating cost	491,129,704.77	673,873,979.03
Including: Operating cost	440,512,068.49	611,011,951.57
Interest expense		
Commission charge and commission expense		
Cash surrender value		

Net amount of expense of compensation		
Net amount of withdrawal of insurance contract reserve		
Bonus expense of guarantee slip		
Reinsurance expense		
Operating tax and extras	2,587,120.52	3,327,635.76
Sales expenses	12,053,059.93	11,762,865.09
Administration expenses	22,964,669.93	29,493,139.61
R&D expenses	7,790,054.17	9,180,224.71
Financial expenses	5,216,790.23	9,191,587.68
Including: Interest expenses	9,050,600.05	7,605,454.70
Interest income	-474,543.54	-1,317,717.89
Losses of devaluation of asset	5,941.50	-93,425.39
Add: other income	785,000.00	
Investment income (Loss is listed with “-”)	293,005.35	
Including: Investment income on affiliated company and joint venture		
Changing income of fair value(Loss is listed with “-”)		
Exchange income (Loss is listed with “-”)		
Income from assets disposal (Loss is listed with “-”)	-151,337.27	-31,321.94
III. Operating profit (Loss is listed with “-”)	-242,810.40	-1,544,317.72
Add: Non-operating income	1,413,171.48	3,052,612.99
Less: Non-operating expense	182,806.76	24,775.13
IV. Total Profit (Loss is listed with “-”)	987,554.32	1,483,520.14
Less: Income tax expense	490,059.24	1,135,130.69
V. Net profit (Net loss is listed with “-”)	497,495.08	348,389.45
(i) net profit from continuous operation (Net loss is listed with “-”)	497,495.08	348,389.45
(ii) net profit from discontinued		

operation (Net loss is listed with “-”)		
Net profit attributable to owner’s of parent company	497,495.08	348,389.45
Minority shareholders’ gains and losses		
VI. Net after-tax of other comprehensive income		
Net after-tax of other comprehensive income attributable to owners of parent company		
(I) Other comprehensive income items which will not be reclassified subsequently to profit of loss		
1. Changes as a result of re-measurement of net defined benefit plan liability or asset		
2. Share of the other comprehensive income of the investee accounted for using equity method which will not be reclassified subsequently to profit and loss		
(II) Other comprehensive income items which will be reclassified subsequently to profit or loss		
1. Share of the other comprehensive income of the investee accounted for using equity method which will be reclassified subsequently to profit or loss		
2. Gains or losses arising from changes in fair value of available-for-sale financial assets		
3. Gains or losses arising from reclassification of held-to-maturity investment as available-for-sale financial assets		
4. The effect hedging portion of gains or losses arising from cash flow hedging instruments		

5. Translation differences arising on translation of foreign currency financial statements		
6. Other		
Net after-tax of other comprehensive income attributable to minority shareholders		
VII. Total comprehensive income	497,495.08	348,389.45
Total comprehensive income attributable to owners of parent Company	497,495.08	348,389.45
Total comprehensive income attributable to minority shareholders		
VIII. Earnings per share:		
(i) Basic earnings per share	0.0018	0.0012
(ii) Diluted earnings per share	0.0018	0.0012

Enterprise combine under the same control in the Period, the combined party realized net profit of 0 Yuan before combination, and realized 0 Yuan at last period for combined party

6. Profit Statement of Parent Company (form the year-begin to the period-end)

In RMB

Item	Current Period	Last Period
I. Operating income	24,362,620.45	30,455,412.15
Less: Operating cost	4,305,861.52	4,325,514.67
Operating tax and extras	852,759.55	1,804,380.12
Sales expenses		0.00
Administration expenses	16,386,453.83	22,420,306.96
R&D expenses		
Financial expenses	7,207,553.05	2,836,883.54
Including: Interest expenses	7,205,697.51	2,744,258.34
Interest income	-24,668.47	-33,723.89
Losses of devaluation of asset		-93,425.39
Add: other income		0.00
Investment income (Loss is listed with “-”)		0.00
Including: Investment		0.00

income on affiliated company and joint venture		
Changing income of fair value(Loss is listed with “-”)		
Income from assets disposal (Loss is listed with “-”)	-26,592.13	
II. Operating profit (Loss is listed with “-”)	-4,416,599.63	-838,247.75
Add: Non-operating income		1,399,915.15
Less: Non-operating expense	131,247.82	50.88
III. Total Profit (Loss is listed with “-”)	-4,547,847.45	561,616.52
Less: Income tax expense	-459,637.00	800,974.16
IV. Net profit (Net loss is listed with “-”)	-4,088,210.45	-239,357.64
(i) net profit from continuous operation (Net loss is listed with “-”)	-4,088,210.45	-239,357.64
(ii) net profit from discontinued operation (Net loss is listed with “-”)		
V. Net after-tax of other comprehensive income		
(I) Other comprehensive income items which will not be reclassified subsequently to profit of loss		
1. Changes as a result of re-measurement of net defined benefit plan liability or asset		
2. Share of the other comprehensive income of the investee accounted for using equity method which will not be reclassified subsequently to profit and loss		
(II) Other comprehensive income items which will be reclassified subsequently to profit or loss		
1. Share of the other comprehensive income of the investee accounted for using equity		

method which will be reclassified subsequently to profit or loss		
2. Gains or losses arising from changes in fair value of available-for-sale financial assets		
3. Gains or losses arising from reclassification of held-to-maturity investment as available-for-sale financial assets		
4. The effect hedging portion of gains or losses arising from cash flow hedging instruments		
5. Translation differences arising on translation of foreign currency financial statements		
6. Other		
VI. Total comprehensive income	-4,088,210.45	-239,357.64
VII. Earnings per share:		
(i) Basic earnings per share	-0.0144	-0.0008
(ii) Diluted earnings per share	-0.0144	-0.0008

7. Consolidated Cash Flow Statement (form the year-begin to the period-end)

In RMB

Item	Current Period	Last Period
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	316,333,719.60	411,585,436.90
Net increase of customer deposit and interbank deposit		
Net increase of loan from central bank		
Net increase of capital borrowed from other financial institution		
Cash received from original insurance contract fee		
Net cash received from reinsurance business		

Net increase of insured savings and investment		
Net increase of amount from disposal financial assets that measured by fair value and with variation reckoned into current gains/losses		
Cash received from interest, commission charge and commission		
Net increase of capital borrowed		
Net increase of returned business capital		
Write-back of tax received		
Other cash received concerning operating activities	12,106,490.64	12,669,697.70
Subtotal of cash inflow arising from operating activities	328,440,210.24	424,255,134.60
Cash paid for purchasing commodities and receiving labor service	261,946,585.36	330,088,093.97
Net increase of customer loans and advances		
Net increase of deposits in central bank and interbank		
Cash paid for original insurance contract compensation		
Cash paid for interest, commission charge and commission		
Cash paid for bonus of guarantee slip		
Cash paid to/for staff and workers	49,957,977.58	55,158,956.96
Taxes paid	17,371,156.77	13,659,531.39
Other cash paid concerning operating activities	53,200,912.21	41,208,334.19
Subtotal of cash outflow arising from operating activities	382,476,631.92	440,114,916.51
Net cash flows arising from operating activities	-54,036,421.68	-15,859,781.91

II. Cash flows arising from investing activities:		
Cash received from recovering investment	119,000,000.00	
Cash received from investment income	293,005.35	
Net cash received from disposal of fixed, intangible and other long-term assets	967,002.00	75,901.58
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities		
Subtotal of cash inflow from investing activities	120,260,007.35	75,901.58
Cash paid for purchasing fixed, intangible and other long-term assets	10,633,271.22	5,334,290.23
Cash paid for investment	119,000,000.00	
Net increase of mortgaged loans		
Net cash received from subsidiaries and other units obtained		
Other cash paid concerning investing activities		
Subtotal of cash outflow from investing activities	129,633,271.22	5,334,290.23
Net cash flows arising from investing activities	-9,373,263.87	-5,258,388.65
III. Cash flows arising from financing activities		
Cash received from absorbing investment		
Including: Cash received from absorbing minority shareholders' investment by subsidiaries		
Cash received from loans	319,218,464.59	236,663,522.53
Cash received from issuing bonds		
Other cash received concerning		

financing activities		
Subtotal of cash inflow from financing activities	319,218,464.59	236,663,522.53
Cash paid for settling debts	315,712,397.89	237,673,502.22
Cash paid for dividend and profit distributing or interest paying	7,630,076.84	7,522,719.08
Including: Dividend and profit of minority shareholder paid by subsidiaries		
Other cash paid concerning financing activities		
Subtotal of cash outflow from financing activities	323,342,474.73	245,196,221.30
Net cash flows arising from financing activities	-4,124,010.14	-8,532,698.77
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	-117,560.33	-858,969.48
V. Net increase of cash and cash equivalents	-67,651,256.02	-30,509,838.81
Add: Balance of cash and cash equivalents at the period -begin	81,474,974.30	104,015,312.97
VI. Balance of cash and cash equivalents at the period -end	13,823,718.28	73,505,474.16

8. Cash Flow Statement of Parent Company (form the year-begin to the period-end)

In RMB

Item	Current Period	Last Period
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	25,983,655.00	15,918,953.06
Write-back of tax received		0.00
Other cash received concerning operating activities	108,279,703.54	42,613,349.94
Subtotal of cash inflow arising from operating activities	134,263,358.54	58,532,303.00

Cash paid for purchasing commodities and receiving labor service		
Cash paid to/for staff and workers	2,681,972.90	3,604,869.82
Taxes paid	3,960,136.96	3,658,227.60
Other cash paid concerning operating activities	123,071,047.66	49,583,197.56
Subtotal of cash outflow arising from operating activities	129,713,157.52	56,846,294.98
Net cash flows arising from operating activities	4,550,201.02	1,686,008.02
II. Cash flows arising from investing activities:		
Cash received from recovering investment		
Cash received from investment income		
Net cash received from disposal of fixed, intangible and other long-term assets	82,000.00	
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities		
Subtotal of cash inflow from investing activities	82,000.00	
Cash paid for purchasing fixed, intangible and other long-term assets	1,126,400.00	1,377,592.31
Cash paid for investment		
Net cash received from subsidiaries and other units		
Other cash paid concerning investing activities		
Subtotal of cash outflow from investing activities	1,126,400.00	1,377,592.31
Net cash flows arising from investing activities	-1,044,400.00	-1,377,592.31

III. Cash flows arising from financing activities		
Cash received from absorbing investment		
Cash received from loans	200,000,000.00	115,000,000.00
Cash received from issuing bonds		
Other cash received concerning financing activities		
Subtotal of cash inflow from financing activities	200,000,000.00	115,000,000.00
Cash paid for settling debts	217,079,416.68	115,000,000.00
Cash paid for dividend and profit distributing or interest paying	6,161,298.54	5,450,633.34
Other cash paid concerning financing activities		
Subtotal of cash outflow from financing activities	223,240,715.22	120,450,633.34
Net cash flows arising from financing activities	-23,240,715.22	-5,450,633.34
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	1,567.34	618.82
V. Net increase of cash and cash equivalents	-19,733,346.86	-5,141,598.81
Add: Balance of cash and cash equivalents at the period -begin	25,181,764.87	10,375,152.87
VI. Balance of cash and cash equivalents at the period -end	5,448,418.01	5,233,554.06

II. Audit report

Whether the 3rd quarterly report has been audited or not

Yes No

The 3rd quarterly report of the Company has not been audited.